WORKFORCE OBSERVATIONS
FOR SOUTH CENTRAL WISCONSIN COUNTIES
March 2002

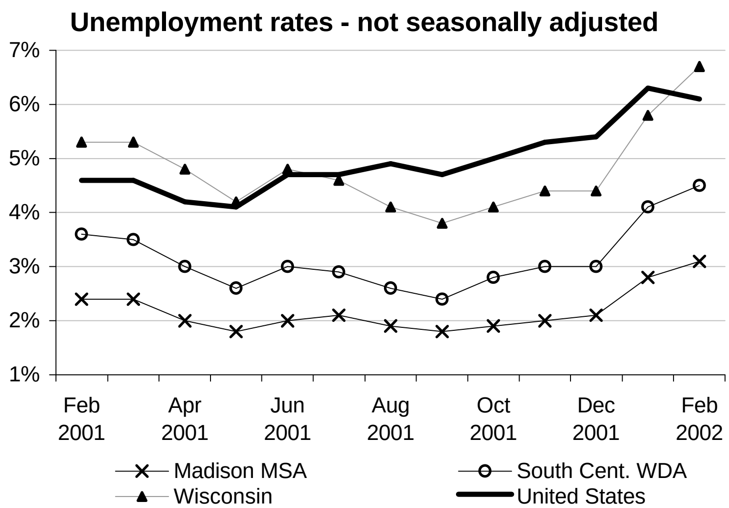
State of Wisconsin
Department of Workforce Development

What kind of turnaround is this?

From January to February, the national unemployment rate declined from 6.3 percent to 6.1 percent. Meanwhile, the unadjusted unemployment rate increased in all 72 Wisconsin Counties. The state rate increased from 5.8 percent to 6.7 percent, the South Central Wisconsin rate increased from 4.1 percent to 4.5 percent and the Dane County rate increased from 2.8 percent to 3.1 percent.

Last February was the first time since 1990 that Wisconsin's unadjusted rate was more than a tenth of a percentage point above the national rate. At that time, the state rate remained six- to seven-tenths of a percentage point above the national rate for three consecutive months and did not drop below the national rate until July.

While national unemployment rates typically peak in January or February, Wisconsin usually peaks in February, and South Central Wisconsin tends to follow the state in this pattern (at lower levels of unemployment). This is due in part to winter slowdowns in construction and manufacturing.



Sources: DWD and BLS Local Area Unemployment Statistics

Despite noticeably reduced business investment, the construction sector has been partially sheltered by surprisingly resilient residential market. Retail employment numbers continued falling from holiday highs, especially in Dane County. Some holiday retail jobs last until retailers finish taking inventory in January, so the retail sector typically sheds more jobs in February than in January. The big increase in government employment is probably school workers (other than teachers) who do not get paid during the winter break. Although they may return to work in January, reporting lags keep their jobs from appearing before February.

Particularly encouraging were the first increases in manufacturing since August of 2000. Through the late 1990s, technology increased manufacturing capacity faster than demand could grow. With so much excess capacity, it was virtually inevitable that some businesses would buy others and scale back or terminate production and some facilities, especially while a strong dollar restrains ex-

Data for 2001 have been revised. Calculations referencing 2001 data are based on revised data.

Labor force estimates - not seasonally adjusted

February 2002 Estimates	Wisconsin	South Central WI	Madison MSA	Columbia County	Dodge County	Jefferson County	Marquette County	Sauk County
				February 2002				
Civilian Labor Force*	3,050,100	440,200	276,100	28,200	48,200	44,000	7,500	36,200
Employed	2,846,100	420,300	267,500	25,900	44,800	41,400	6,700	34,000
Unemployed	204,000	19,800	8,600	2,300	3,400	2,600	870	2,100
Unemployment Rate (%)	6.7	4.5	3.1	8.1	7.1	5.9	11.5	5.9
				Change From January 2002				
Civilian Labor Force*	21,900	1,380	810	160	-100	140	90	280
Employed	-5,000	-480	70	-60	-320	-290	-20	130
Unemployed	26,900	1,860	740	220	220	420	110	150
Unemployment Rate (%)	0.9	0.4	0.3	0.8	0.5	0.9	1.3	0.4
				Change From February 2001				
Civilian Labor Force*	93,400	13,200	6,500	1,630	1,230	1,500	350	1,970
Employed	47,600	8,700	4,400	1,180	330	870	300	1,590
Unemployed	45,800	4,600	2,200	450	900	630	40	380
Unemployment Rate (%)	1.4	0.9	0.7	1.2	1.8	1.2	0.1	0.8

* Includes people residing in area. Estimates are NOT seasonally adjusted. Current month estimates are preliminary. Numbers 2,000 and greater are rounded to nearest 100. Numbers under 2,000 are rounded to nearest 10. Sub-units may not add to totals due to rounding. Calculations are based on unrounded numbers.

port growth. Also, steel import tariffs recently imposed by the White House increase the risk that other countries will take retaliatory steps that reduce their imports from Wisconsin. It seems premature to say that manufacturing will rebound solidly.

Jobs are up *and* unemployment is up?

The last time Wisconsin saw unemployment rates this high was around the same time in 1991, on the eve of the longest economic expansion on record. Business journalists and their sources been sounding increasingly upbeat about the prospects for an economic recovery. To some extent, the rise in the unemployment rate reflects a fall in the number of people too discouraged to even look for work, and that could be something of a silver lining. (People without jobs are either looking for work (and therefore classified as "unemployed") or are not looking for work (and therefore classified as "not in the labor force").) The news of recovery and greater availability of jobs may be encouraging more jobless people to join the labor force by looking for jobs. Especially in the Dane County area, unemployment rates were so low that the labor shortage and the impending wave of baby-boom retirements caused serious concern.

As unhelpful as it is to people out of work, employers may appreciate a brief moment of increased availability of workers. Then again, employers tend to be reluctant to increase personnel until it is clearly necessary. These trends may cause the unemployment rate to remain above typical levels. Assuming we are near or just past the bottom of this recession, many economists still would not expect unemployment to drop to regular seasonal levels for months.

Monetary policy (interest rate reduction by the Federal Reserve Bank) has responded to the current recession much more quickly than fiscal stimulus (increases in federal spending and reduction of federal taxes). The Federal Reserve Bank watches for the return of inflationary pressures and excessive speculative investment, and it has a history of acting quickly and aggressively. Tax policy takes more time adjust because the processes and the decisions are so complex. Consumers and businesses will have to wait a while to see tax cuts and new federal spending affect their purchasing power. By that time, the government may be adding fuel to a healthy economy, brining a step closer to overheating. Any response can be worse than no response if the lag time is too long.

Data for 2001 have been revised. Calculations referencing 2001 data are based on revised data.

Payroll employment estimates - not seasonally adjusted

February 2002 Estimates	Wisconsin	South Central WI	Madison MSA	Columbia County	Dodge County	Jefferson County	Marquette County	Sauk County
				February 2002				
Total jobs, all industries**	2,758,700	420,300	289,400	20,900	34,200	36,900	3,500	35,400
Construction & Mining	105,700	16,000	10,600	900	1,840	960	120	1,670
Manufacturing	565,700	67,100	29,400	5,600	12,000	11,700	1,210	7,200
Transport & Public Util.	129,400	14,800	10,300	590	1,320	1,470	70	970
Wholesale Trade	135,300	16,900	12,000	720	1,050	1,290	90	1,760
Retail Trade	485,000	72,800	48,800	3,900	4,900	7,100	650	7,400
Finance, Ins. Real Estate	150,800	26,700	23,500	410	780	800	110	1,130
Services	765,200	111,400	79,700	4,900	7,000	9,400	550	9,800
Government	421,500	94,600	75,000	3,900	5,400	4,200	740	5,400
				Change From January 2002				
Total jobs, all industries**	6,300	1,280	1,330	-10	-160	-140	20	250
Construction & Mining	-2,200	-60	10	-20	-40	-30	-10	30
Manufacturing	-2,100	310	150	-10	-20	-20	-10	210
Transport & Public Util.	-380	-90	-50	-10	10	-20	0	-20
Wholesale Trade	-250	-30	10	-10	0	-10	0	-20
Retail Trade	-5,900	-1,800	-1,630	10	-70	-50	0	-60
Finance, Ins. Real Estate	-140	0	40	0	-10	-20	0	0
Services	5,200	750	820	-40	-30	-20	0	20
Government	12,200	2,200	1,970	70	0	40	30	90
				Change From February 2001				
Total jobs, all industries**	-480	10,300	7,800	1,100	-710	-210	60	2,300
Construction & Mining	-2,800	-1,650	-1,800	40	90	-60	-10	80
Manufacturing	-46,800	-3,400	-1,240	360	-1,400	-1,310	50	170
Transport & Public Util.	370	260	460	-80	80	-150	-20	-20
Wholesale Trade	-1,140	-590	-530	-50	-50	-90	20	100
Retail Trade	8,200	2,600	1,510	60	60	410	10	570
Finance, Ins. Real Estate	4,300	1,610	1,520	-10	-20	30	0	100
Services	24,600	9,100	6,400	530	170	820	50	1,130
Government	12,700	2,400	1,550	250	360	130	-40	150

**Includes employment with employers located in area. Estimates are NOT seasonally adjusted. Current month estimates are preliminary. Numbers 2,000 and greater are rounded to nearest 100. Numbers under 2,000 are rounded to nearest 10. Sub-units may not add to totals due to rounding. Calculations are based on unrounded numbers.

Please direct questions and comments to:
BarroDa@dwd.state.wi.us (email)
(608) 242-4885 (telephone)

Dan Barroilhet, Labor Market Economist
1819 Aberg Avenue, Suite C
Madison, WI 53704

Look for the most current Labor Market Information at: www.dwd.state.wi.us/lmi.